

CONFLICT OF INTEREST POLICY

ABC FOUNDATION
123 Fifteenth Avenue
New York, New York 10000
(212) 123-4567

Policy on Conflicts of Interest

As a not-for-profit corporation, ABC Foundation (the "Foundation") issues to Board Members, Officers, Management, Staff and Volunteers the Foundation's Conflict of Interest Policy on an annual basis. This policy is attached.

The Foundation is committed to the maintenance of the trust and confidence of its donors and the general public. Our reputation in the community and our obligation to comply with the federal and state laws as a not-for-profit corporation that is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, necessitates strict compliance by the Foundation's Board Members, Officers, Management, Staff and Volunteers with the prohibitions against entering into transactions which are, or may be construed as being, a conflict of interest as contained in this policy.

While you are required to read and be familiar with all of the prohibitions contained in this policy, it bears mention that, as stated in this policy in Section IV., entitled *Section IV, Disclosure of Conflict of Interest*, you must advise _____ of any transaction (as hereinafter defined) which you, or a related person (as hereinafter defined), may enter into with the Foundation to make certain that the transaction does not present an impermissible conflict of interest.

Please read this policy and execute the acknowledgement at the end of this policy whereby you agree to comply with this policy.

Should you have any questions, please call _____ at _____.

Thank you.

ABC FOUNDATION

Policy on Conflicts of Interest

(Adopted _____)

I. Purpose

The ABC Foundation (the "Foundation"), a New York not-for-profit corporation that is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, is subject to certain federal and state laws governing transaction between the Foundation and certain individuals and entities. The Foundation is committed to the maintenance of the trust and confidence of its donors and the general public. Our reputation in the community and our obligation to comply with the federal and state laws therefore necessitates strict compliance by the Foundation's Board Members, Officers, Management, Staff and Volunteers with the prohibitions against entering into transactions which are, or may be construed, as being a conflict of interest as contained in this policy.

II. Prohibition Against Conflicts of Interest

Federal and state law prohibits certain individuals and entities from entering into certain transactions with the Foundation. Prohibited transactions generally cover transactions whereby an individual or an entity, by reason of his/her/its relationship with the Foundation may receive a benefit as a result of a previously established relationship with the Foundation. To the extent such a transaction confers an improper benefit upon such individual(s) or entity(ies), federal and state laws can have serious consequences for the Foundation, its Board Members, officers, management, staff and volunteers. Thus, it is the Foundation's policy to prohibit all such transactions unless the Foundation specifically approves such transaction, after all material facts have been fully disclosed to the Foundation.

While it is impossible to list every circumstance giving rise to possible conflicts of interest, the following will serve as a guide to the types of transactions which might cause conflicts and which should be fully reported to the Foundation:

A. Ownership by a Related Person (as hereinafter defined) of a substantial financial interest in any outside concern which does business with, or is a competitor of, the Foundation, except where such interest consists of securities of a publicly owned corporation and such securities are regularly traded on the open market.

B. Rendition by a Related Person (as hereinafter defined) of directive, managerial or consultative service to any outside concern which does business with, or is a competitor of the Foundation, except with the Foundation's knowledge and consent.

C. Acceptance by a Related Person (as hereinafter defined) of gifts of more than token value, loans (other than from established banking or financial institutions), excessive entertainment, or other substantial favors from any outside concern which does or is seeking to do business with, or is a competitor of the Foundation.

D. Representation of the Foundation by a Related Person (as hereinafter defined) in any transaction in which the Related Person has a substantial interest.

E. Use of confidential Foundation information for the personal profit or advantage of a Related Person (as hereinafter defined).

F. Competition with the Foundation by a Related Person (as hereinafter defined), directly or indirectly, in the purchase or sale of property or property rights or interest.

III. Certain Definitions

A. Who is a Related Person?

For purposes of this Conflicts of Interest Policy, a "Related Person" is any Director, officer, member of management, staff or volunteer of the Foundation who is (or is related to within the meaning of Section 267(c) of the Internal Revenue Code of 1986, as amended) a director, officer, shareholder, member, partner, trustee, beneficiary or other fiduciary of any party to a Transaction with the Foundation.

B. What is a "Transaction"?

For purposes of this Conflicts of Interest Policy, a "Transaction" means any agreement, contract, transaction or other arrangement (including the making of a grant or other disbursement of the assets or funds of the Foundation) between the Foundation and a Related Party.

C. What is a Conflict of Interest?

For purposes of this Conflicts of Interest Policy, a "Conflict of Interest" means any Transaction that has not been disclosed to the Foundation as provided in Section IV of this Conflicts of Interest Policy.

IV. Disclosure of Conflict of Interest

Each Related Person shall disclose, in accordance with the provisions of this Section IV, to _____ each Transaction in which such person is a Related Person.

A person with a duty to disclose pursuant to Section IV shall satisfy his or her duty by providing written notice (a "Disclosure Notice") of such Transaction within two (2) days of the day in which such Related Person becomes aware that he or she is a Related Person in connection with a Transaction. A Disclosure Notice shall set forth any and all material facts surrounding the circumstances in which such person is a Related Person, including but not limited to: (a) the names of all parties involved along with the relationship of such Related Person to each party, and (b) the nature of any contracts and/or agreements between the Related Person and any third party affiliated with the Transaction.

Unless the Foundation provides written notice to such Related Person approving such Transaction, the Foundation shall not be permitted to enter into such Transaction. Any Transaction entered into by the Foundation in contravention to the preceding sentence shall be null and void.

V. Procedure for Addressing Conflict of Interest

Prior to the Organization entering into the Transaction for which a Disclosure Notice shall have been delivered, the President shall call a special meeting of the Board of Directors. At such meeting, the President shall provide each Director with a copy of the Disclosure Notice.

The Related Person may make a presentation at such special meeting, but after such presentation, such Related Person shall leave the meeting during the discussion of, and the vote on, the Transaction. Any Director may ask such Related Person any question relevant to the circumstances giving rise to such person's status as an Related Person and the Transaction.

In no event shall a Related Person be present or participate in any deliberations, discussions or vote in connection with the Transaction.

The Board of Directors may, but shall not be required to, appoint a disinterested person or committee to investigate alternatives to the Transaction.

The Foundation shall exercise due diligence in determining whether to proceed with such Transaction. In making such determination, the Board of Directors shall determine whether the Foundation can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a Conflict of Interest. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a Conflict of

Interest, the Board of Directors shall determine, by a majority vote (not including the vote of any Director who may be a Related Person), whether the Transaction is in the Foundation's best interest and for its own benefit and whether the Transaction is fair and reasonable to the Foundation. The Board of Directors shall make its decision as to whether to enter into the Transaction.

VI. Violations of Conflict of Interest Policy

If the Board of Directors has reasonable cause to believe that a person subject to this Conflicts of Interest Policy has failed to disclose an actual or potential Conflict of Interest, it shall inform the person of the basis for such belief and afford such person an opportunity to explain the alleged failure to disclose. After hearing the explanation of the person and making such further investigation as may be warranted in the circumstances, the Board shall take such disciplinary and corrective action as they deem appropriate.

VII. Annual Statements

Each Board Member, officer, member of management, staff and volunteer shall annually sign a statement, a copy of which is annexed hereto as Exhibit A, which affirms that such person:

1. has received a copy of the Conflicts of Interest Policy,
2. has read and understands the policy,
3. has agreed to comply with the policy, and
4. understands that the ABC Foundation a New York not-for-profit corporation that is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, is subject to certain federal and state laws governing transaction between the Foundation and certain individuals and entities and that it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Conflicts of Interest

Annual Statement

TO: _____

This annual statement is made pursuant to the Conflicts of Interest Policy of ABC Foundation, a New York not-for-profit Organization.

The undersigned is a _____ of ABC Foundation and the undersigned affirms that he/she:

1. has received a copy of the Conflicts of Interest Policy,
2. has read and understands the policy,
3. has agreed to comply with the policy, and
4. understands that the ABC Foundation a New York not-for-profit

corporation that is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, is subject to certain federal and state laws governing transaction between the Foundation and certain individuals and entities and that it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Dated: _____
